

## 140 - Department of Revenue

### A001 Administration

Internal administrative services support activities to effectively carryout agency operations and the strategic business plan. These services include the overall management of the agency through executive oversight, internal auditing, accounting and budgeting, payroll administration, facilities management, purchasing, human resources, organizational development, and legal services provided by the Attorney General's Office.

	FY 2010	FY 2011	Biennial Total
FTE's	75.4	75.3	75.4
GFS	\$12,223,000	\$12,158,000	\$24,381,000
Other	\$0	\$0	\$0
Total	\$12,223,000	\$12,158,000	\$24,381,000

**Statewide Result Area:** Strengthen government's ability to achieve results efficiently and effectively

**Statewide Strategy:** Safeguard and manage public funds

#### Expected Results

Administrative services provide essential support to all activities within the agency. In addition, legal services, included in this activity, defend the state's interests through successful litigation of tax issues.

The Department's cost of collecting revenue (cents per \$100 of revenue collected).				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	\$0.67	\$0	\$(0.67)
	4th Qtr	\$0.7	\$0	\$(0.7)
2007-09	8th Qtr	\$0.67	\$0	\$(0.67)
	4th Qtr	\$0.7	\$0.66	\$(0.04)
2005-07	8th Qtr	\$0.69	\$0.63	\$(0.06)
	4th Qtr	\$0.71	\$0.67	\$(0.04)
Cost of collections is available in December following the close of the fiscal year.				

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Total State and Local Revenue Collections (In Millions).				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	\$15,267		
	4th Qtr	\$14,123		
2007-09	8th Qtr	\$16,000	\$16,695	\$695
	4th Qtr	\$16,000	\$18,307	\$2,307
2005-07	8th Qtr	\$16,000	\$18,070	\$2,070
	4th Qtr	\$16,000	\$16,586	\$586
All funds collected by the Department including those distributed to local governments.				

## A002 Property Tax Administration

The Department of Revenue has a statutory obligation to ensure uniformity within the state's property tax system and oversee the administration of property taxes at both the state and local levels. The Department also determines the state school levy; conducts complex appraisals on commercial, industrial, and special use properties; administers property tax exemptions and deferral programs; and provides guidance, training, and assistance on property tax issues to county officials. The Department also performs appraisals throughout the state on inter-county and inter-state utility companies. These activities have a combined assessed value in excess of \$15 billion and provide over \$179 million dollars in property tax each year for local government and state schools.

	FY 2010	FY 2011	Biennial Total
FTE's	63.4	63.4	63.4
GFS	\$8,202,000	\$8,603,000	\$16,805,000
Other	\$0	\$0	\$0
Total	\$8,202,000	\$8,603,000	\$16,805,000

**Statewide Result Area:** Strengthen government's ability to achieve results efficiently and effectively

**Statewide Strategy:** Safeguard and manage public funds

### Expected Results

To meet the statutory obligations of RCW 84.48.080, the Department performs appraisals of real and personal property to develop ratios of assessed value to fair market value. The Department then applies these ratios to equalize utility property assessments and to equalize the state school levy that counties pay to the general fund. As a result, each county pays its fair proportion of the taxes for the state school levy. In addition to conducting appraisals and audits for the ratio, the Department seeks to ensure uniformity in assessments by conducting advisory appraisals in counties who request them and by administering property tax exemptions and deferrals across the state for senior citizens and for over 10,000 nonprofit organizations.

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Increase the number of Advisory Appraisals completed.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	60		
	4th Qtr	50		
2007-09	8th Qtr	35	50	15
	4th Qtr	35	16	(19)
2005-07	8th Qtr	16	16	0
	4th Qtr	16	18	2
The Department assists local government by performing appraisals on properties and utilities not common to their jurisdictions. These appraisals are performed at the request of local governments.				

Number of Real Property Appraisals and Personal Property Tax Audits Complete.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	1,370		
	4th Qtr	1,370		
2007-09	8th Qtr	1,332	1,359	27
	4th Qtr	1,296	1,404	108
2005-07	8th Qtr	1,264	1,396	132
	4th Qtr	1,320	1,511	191
Completed audits/appraisals are used in calculating the property tax ratio, which makes it possible to equalize school levies throughout the state to ensure equitable distribution.				

## A003 State and Local Revenue Collection and Distribution

The Department of Revenue is responsible for the fair, efficient, and uniform administration of state tax laws. Primary activities include taxpayer registration, tax return processing collection activities, accounting for and distributing state and local tax revenues, promotion of voluntary compliance through taxpayer education, information and assistance, and enforcement. These activities are conducted from offices throughout the state and are supported by a statewide computer network.

	FY 2010	FY 2011	Biennial Total
FTE's	593.5	580.5	587.0
GFS	\$54,154,000	\$52,580,000	\$106,734,000
Other	\$4,107,000	\$3,085,000	\$7,192,000
Total	\$58,261,000	\$55,665,000	\$113,926,000

**Statewide Result Area:** Strengthen government's ability to achieve results efficiently and effectively

**Statewide Strategy:** Safeguard and manage public funds

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

### Expected Results

The Department provides ongoing education and assistance to taxpayers while maximizing the collection of tax dollars owing on delinquent accounts.

Answer incoming calls receiving personal assistance within one minute.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	80%		
	4th Qtr	80%		
2007-09	8th Qtr	80%	86.2%	6.2%
	7th Qtr	80%	84.9%	4.9%
	6th Qtr	80%	90.8%	10.8%
	5th Qtr	80%	90.2%	10.2%
	4th Qtr	80%	77.3%	(2.7)%
	3rd Qtr	80%	76.5%	(3.5)%
	2nd Qtr	80%	79.8%	(0.2)%
	1st Qtr	80%	78.3%	(1.7)%
2005-07	8th Qtr	73%	72%	(1)%
	7th Qtr	71%	73%	2%
<p><i>This measure is calculated with data from TAA and TPS. TAA only began tracking January 2007.</i></p> <p><i>In FY08 measure changed from "Answer 80% of our incoming calls requesting personal assistance within one minute" to "Of the Calls Answered, Answer 80% within One Minute". It was then changed back in FY10.</i></p>				

Increase the number of returns filed electronically.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	1,338,000		
	4th Qtr	1,225,000		
2007-09	8th Qtr	945,000	1,004,472	59,472
	4th Qtr	888,000	914,333	26,333
2005-07	8th Qtr	810,000	823,932	13,932
	4th Qtr	710,000	708,057	(1,943)

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

<b>Increase the Percent of Monthly Returns Filed Accurately.</b>				
<b>Biennium</b>	<b>Period</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
2009-11	8th Qtr	88%		
	7th Qtr	88%		
	6th Qtr	88%		
	5th Qtr	88%		
	4th Qtr	88%		
	3rd Qtr	88%		
	2nd Qtr	88%		
	1st Qtr	88%	89.3%	1.3%
2007-09	8th Qtr	91%	89.1%	(1.9)%
	7th Qtr	91%	89.1%	(1.9)%
	6th Qtr	91%	89.3%	(1.7)%
	5th Qtr	91%	88.8%	(2.2)%
	4th Qtr	90%	89%	(1)%
	3rd Qtr	90%	89.1%	(0.9)%
	2nd Qtr	90%	89.3%	(0.7)%
	1st Qtr	90%	89.2%	(0.8)%
2005-07	8th Qtr	91%	90%	(1)%
	7th Qtr	91%	90%	(1)%
	6th Qtr	91%	91%	0%
	5th Qtr	91%	92%	1%
	4th Qtr	90%	91%	1%
	3rd Qtr	90%	91%	1%
	2nd Qtr	90%	91%	1%
	1st Qtr	90%	90%	0%

<b>Maintain/Improve the voluntary compliance rate for tax reporting.</b>				
<b>Biennium</b>	<b>Period</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
2009-11	8th Qtr	97.5%		
2007-09	4th Qtr	98.2%	97.5%	(0.7)%

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Total enforcement collections (In Thousands).				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	\$1,002,100		
	7th Qtr	\$887,272		
	6th Qtr	\$767,386		
	5th Qtr	\$638,394		
	4th Qtr	\$496,250		
	3rd Qtr	\$383,650		
	2nd Qtr	\$265,950		
	1st Qtr	\$139,350	\$122,007	\$(17,343)
2007-09	8th Qtr	\$944,000	\$1,141,730	\$197,730
	7th Qtr	\$826,145	\$1,015,048	\$188,903
	6th Qtr	\$717,815	\$882,856	\$165,041
	5th Qtr	\$596,873	\$742,382	\$145,509
	4th Qtr	\$473,000	\$608,293	\$135,293
	3rd Qtr	\$354,700	\$473,009	\$118,309
	2nd Qtr	\$250,800	\$335,879	\$85,079
	1st Qtr	\$129,200	\$187,937	\$58,737
2005-07	8th Qtr	\$843,060	\$1,083,182	\$240,122
	7th Qtr	\$752,222	\$954,455	\$202,233
	6th Qtr	\$625,364	\$804,958	\$179,594
	5th Qtr	\$539,700	\$621,363	\$81,663
	4th Qtr	\$423,000	\$484,139	\$61,139
	3rd Qtr	\$329,900	\$354,888	\$24,988
	2nd Qtr	\$201,400	\$227,797	\$26,397
	1st Qtr	\$112,200	\$118,734	\$6,534
<i>Target includes a base commitment which is negotiated with the Forecast Council and all revenue enhancements committed to by the Department. Target and actual collections are cumulative over a biennium.</i>				

## A004 Tax Auditing

Audit Division activities support the voluntary reporting and payment of taxes and the administration of the tax system. Audit Division staff are assigned to field offices across the state and other locations throughout the United States, or as roving out-of-state auditors based out of Washington. Auditors conduct audits of businesses that have activity in Washington State, working directly with taxpayers to verify the accuracy of taxes reported, and to identify and correct improper reporting, leveling the tax burden on Washington State businesses. Audit Division activities also include educating taxpayers about tax reporting through business outreach seminars, consultation visits, and other speaking engagements. Internally, the Audit Division assists the Department in understanding the practical application of tax law by identifying changes in technology, business activities, and industries. Externally, the Audit Division is, in many cases, a face for the Department and often serves as a taxpayer's first and only primary contact with the Department.

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

	FY 2010	FY 2011	Biennial Total
FTE's	292.5	290.8	291.7
GFS	\$26,936,000	\$27,240,000	\$54,176,000
Other	\$0	\$0	\$0
Total	\$26,936,000	\$27,240,000	\$54,176,000

**Statewide Result Area:** Strengthen government's ability to achieve results efficiently and effectively

**Statewide Strategy:** Safeguard and manage public funds

### Expected Results

The Department's auditing function is intended to provide fair and uniform application of tax laws and promote an optimal level of accurate tax reporting and payment through continuing auditing presence and taxpayer education.

Maintain the percentage of active reporting taxpayer accounts contacted by the Audit division.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	3.5%		
	4th Qtr	3.5%		
2007-09	8th Qtr	3.5%	3.8%	0.3%
	4th Qtr	3.5%	4%	0.5%
2005-07	8th Qtr	3.5%	3.4%	(0.1)%
	4th Qtr	3.5%	3.7%	0.2%

## A005 Tax Policy Research, Analysis, and Interpretation

Tax policy activities focus on providing timely and accurate information for policy decision makers, clear guidance to taxpayers, employees, and the public regarding tax law and policy application, and coordinating interdivisional policy analysis and studies. Specific functions include coordinating interdepartmental policy analysis and studies; preparing fiscal notes; analyzing and drafting legislation; reviewing and drafting rule revisions; providing technical policy advice to operating divisions; forecasting non-general fund revenues; and analyzing proposed changes to tax statutes on small business.

	FY 2010	FY 2011	Biennial Total
FTE's	48.4	48.4	48.4
GFS	\$5,152,000	\$5,236,000	\$10,388,000
Other	\$0	\$0	\$0
Total	\$5,152,000	\$5,236,000	\$10,388,000

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

**Statewide Result Area:** Strengthen government's ability to achieve results efficiently and effectively

**Statewide Strategy:** Provide data, information, and analysis to support decision-making

### Expected Results

The Department's objective is to provide accurate, timely, and clear information that encourages informed tax policy decisions.

Increase the percentage of draft fiscal notes having scheduled hearing dates that are delivered to the legislature at least four hours before the hearing when the request is received at least 24 hours before the hearing.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	80%		
	4th Qtr	80%		
2007-09	8th Qtr	80%	86%	6%
	4th Qtr	70%	82.6%	12.6%
2005-07	8th Qtr	63%	87.5%	24.5%
	4th Qtr	63%	56.1%	(6.9)%
To ensure timely response, the Department tracks delivery of fiscal notes in two ways; % of fiscal notes delivered to OFM within 72 hours, and % of draft fiscal notes delivered to the legislature four hours before the hearing. Fiscal notes delivered to hearings are often times recieved with less than 72 hours notice. In these situations, the Department strives to deliver a draft fiscal note before the hearing while still maintaining the OFM approval process requiring delivery within 72 hours.				

## A006 Taxpayer Appeals

The Department receives over 900 taxpayer appeals each year. These appeals are comprised of five case types: small claims (single issue, up to \$50,000 in tax, penalties, and interest); executive (first impression, industry wide significance); maintenance (regular appeals); revocations (business registration revocations), and Board of Tax Appeals (BTA) informal appeals from agency final decisions. When an appeal is concluded the Department issues written determinations, renders confidential tax law interpretations, negotiates settlements of tax disputes, executes settlement closing agreements when appropriate, and publishes select determinations. When these cases are appealed to the BTA, the Appeals Division presents the agency case during informal proceedings. The BTA renders the final decision.

	FY 2010	FY 2011	Biennial Total
FTE's	25.4	25.4	25.4
GFS	\$2,648,000	\$2,688,000	\$5,336,000
Other	\$0	\$0	\$0
Total	\$2,648,000	\$2,688,000	\$5,336,000



Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

**Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively**

**Statewide Strategy: Safeguard and manage public funds**

### Expected Results

The Appeals Division's goals are to timely resolve tax appeals and provide written guidance on Washington State tax laws.

Clear Mainstream Original appeals that have not been placed in hold status within 1 year of receipt.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	90%		
	4th Qtr	90%		
2007-09	8th Qtr	90%	93.6%	3.6%
	4th Qtr	80%	83.7%	3.7%
2005-07	8th Qtr	70%	73.1%	3.1%
	4th Qtr	90%	63.6%	(26.4)%
Mainstream appeals don't fit into specilized categoizes like small claims or exective level. This measure includes mainstream regular appeals (majority of case load) that have not been placed on hold. The target was re-evaluated in January 2007 and changed to 70%. Targets in FY08 and FY09 assume an increasing volume of appeals and the addition of 2 FTEs.				

## A007 Unclaimed Property Management

The Department administers the provisions of the State Uniform Unclaimed Property Act. The unclaimed property program is a consumer protection program charged to return abandoned property to the property owner. The Department receives the transfer of abandoned property to the state and attempts to locate the owners through advertising and by providing public access to abandoned property information. The Department's role is to act in the interest of the property owners and return the abandoned property to the rightful owners whenever possible. Examples of abandoned property include utility deposits, insurance policies, safety deposit box contents, dividends, and savings accounts. Unclaimed property does not include real estate, vehicles, and most other physical property. (Unclaimed Personal Property Account-Nonappropriated)

	FY 2010	FY 2011	Biennial Total
FTE's	31.2	31.2	31.2
GFS	\$0	\$0	\$0
Other	\$4,680,000	\$4,702,000	\$9,382,000
Total	\$4,680,000	\$4,702,000	\$9,382,000

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

*Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast*

**Statewide Strategy: Provide consumer protection**

**Expected Results**

The Department's Unclaimed Property section efficiently administers unclaimed property programs and the return of abandoned property to property owners. The Department notifies the reported owners of property valued at \$75 or more, and advertises the program through publications. Currently, all owners with property exceeding \$25 in value are posted to the Department's website. Statute requires the Department to process all owner claims within 90 days of receipt.

Monetary unclaimed property claims processed within 30 days of receipt.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	80%		
	4th Qtr	80%		
2007-09	8th Qtr	80%	90.7%	10.7%
	4th Qtr	80%	92.1%	12.1%
2005-07	8th Qtr	80%	78.5%	(1.5)%
	4th Qtr	80%	73%	(7)%
Prior to fiscal year 2007 the measure was "Percentage of monetary unclaimed property claims processed within 10 days of receipt."				

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*Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast*

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**Grand Total**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>Biennial Total</b>
<b>FTE's</b>	1,129.8	1,115.0	1,122.4
<b>GFS</b>	\$109,315,000	\$108,505,000	\$217,820,000
<b>Other</b>	\$8,787,000	\$7,787,000	\$16,574,000
<b>Total</b>	\$118,102,000	\$116,292,000	\$234,394,000